

**2005-2007
DHFS Items included in
2005 Act 25
2005-07 Biennial Budget**

Community Aids

Maintains base FY 05 level

- Decrease in Social Service Block Grant by \$272,300 annually
- Offset by increase in IV-E funding to keep Community Aids at current budgeted level
- BCA increase in CY 06 and CY 07 to cover Foster Care rate increases for Child Protective Services and Juvenile Justice.

Child Welfare (DCFS)

Bureau of Milwaukee Child Welfare Re-estimate

- Funding changes based on projected caseloads/service expenditures and changes in federal claiming rates. Federal adoption incentive funds used to replace some GPR on a one-time basis in FY 06.
- Governor proposed reinvesting \$2.6 million GPR and \$2.6 million TANF per year in funding freed up through caseload, services, and federal funding re-estimates to expand safety services, initiate caseworker recruitment and retention strategies, fund foster and adoptive parent training and expand mental health and domestic violence services to strengthen Milwaukee child welfare services. The Legislature provided \$365,000 per year for domestic violence education and \$1,200,000 TANF per year to expand safety services to families at imminent risk of child abuse or neglect.
- In his veto message, the Governor directed DHFS to identify and reallocate funding toward the Milwaukee Child Welfare reinvestment plan, especially for activities related to caseworker retention and training.

Child Welfare (CW) Program Enhancement Plan (PEP)

- \$4.5M to implement PEP for the biennium
- Major components include:
 - ✓ Technical Assistance and Training for county staff
 - ✓ Expanding CW research, policy and program analysis
 - ✓ Implementing CW Continuous Quality Improvement plan
 - ✓ Wisconsin Foster Care and Adoption Resource Center

Foster Care Rate Increase

- The Legislature approved a 2.5% rate increase effective January 2006, and an additional 2.5% rate increase effective January 2007, a decrease from the Governor's proposed increase of 5% in each year.
- Through his vetoes, the Governor implemented a 5% rate increase effective January 2006, with rates remaining at that level in CY 07.
- Funding for rate increases in non-Milwaukee counties provided through a Community Aids increase in CY 06 and CY 07, at the levels approved by the Legislature (2.5% in each year). The Department will seek to identify funding for counties in CY 06 for the additional cost of implementing the 5% increase effective January 2006.

State Special Needs Foster Care and Adoption Assistance Re-estimate

- Increases funding by \$9.3M AF (\$4.2M GPR) in FY 06 and \$17.7M AF (\$8.5M GPR) in FY 07 based on projected expenditures for special needs foster and adopted children.

Subsidized Guardianship Program

- Statutory language change provides the Department the authority to implement a subsidized guardianship program consistent with its federal IV-E waiver.

Kinship Care Re-estimate

- Reduces Kinship Care funding by \$1,088,000 PRS (federal TANF) in FY 06 and \$1,435,900 PRS in FY 07 for kinship care payments, assessments and administration based on caseload re-estimates. The re-estimate results in a decrease in funding for Kinship benefits in Milwaukee County and an increase for non-Milwaukee counties.

TANF Funding in Brighter Futures and Domestic Violence Programs

- Replaces existing TANF funding with an equivalent amount of GPR for the Brighter Futures and Domestic Violence programs.

Domestic Abuse Grant Program

- Provides an increase of \$30,900 PR in FY 06 and \$39,300 PR in FY 07 to fund the domestic abuse grant program.
- The Legislature modified match requirements to require grantees to provide 25% in matching funds or in kind contributions. Previously, grantees were barred from receiving more than 70% of its operating budget in grants from DHFS.

Refugee Family Strengthening Project for Domestic Violence Services

- Provides \$563,500 GPR in FY 06 and \$563,500 GPR in FY 07 to the Refugee Family Strengthening Project for domestic violence services

Federal Byrne Funding Re-estimate

- Provides a decrease of \$114,500 PRS per year in FY 06 & 07 in federal Byrne funding to DHFS from the Office of Justice Assistance, as a result of a reduction in the state's federal grant award.
- Annual Byrne funding for DHFS programs would be reduced as follows: a) Career Youth Development Center in Milwaukee (\$80,000 to \$31,300), the Children's Safe House in Kenosha (\$50,000 to \$19,600), Court Appointed Special Advocates (\$50,000 to \$19,600). The Department has identified one-time federal IV-B funding to maintain funding for Court Appointed Special Advocates at \$50,000 in FY 06.

WiSACWIS Confidentiality

- Includes statutory language change to clarify that DHFS, a county or a licensed child welfare agency can enter confidential information into WiSACWIS if the information is necessary for the organization to perform its duties or coordinate the delivery of services to the client under the Children's Code, the Juvenile Justice Code, or the Mental Health Act.

Long Term Care and Mental Health/Substance Abuse (DDES)

Community Relocation Initiative

- Will allow any nursing home resident to relocate to the community if he or she chooses
- Funding for the community placement would be provided through the CIP II program
- Funding supporting the relocation will become permanent funding for the CIP II program.
- Statutory change would allow DHFS to establish an “enhanced” CIP II rate for nursing home relocations that are higher than the rate budgeted for existing slots, similar to CIP 1B program.
- Assumes that 540 individuals in FY 06 and an additional 900 individuals in FY 07 will relocate from nursing homes to the community under this program
- The Governor vetoed a provision added by the Legislature requiring a minimum nursing home stay of 100 days to be eligible for relocation funding.
- The budget assumes \$9.2M AF (\$3.9M GPR) in savings for the biennium from the initiative

Children’s Long Term Support (LTS)

- Provides an increase of \$176,300 AF (\$74,400) GPR in FY 06 and \$617,900 AF (\$261,500 GPR) in FY 07 to expand children’s LTS programs.
- Funding will be used for 20 new slots in FY 06 and an additional 30 slots in FY 07.

Intensive Autism Waiver Services (Part of MA Base Re-estimate)

- Provides an additional \$9.5M AF over the biennium to fully fund the projected caseload and costs.
- This provides funding to serve 250 new children each year of the biennium at the intensive level.
- The daily rate for the intensive level is increased to reflect a rate adjustment in FY 05 to fully fund travel costs. New intensive daily rate is \$101.47. Ongoing rate remains at \$30.60 per day.

Community Opportunities and Recovery Waiver (Nursing Home Relocation Waiver for Persons with Serious Mental Illness)

- Implements new MA 1915(c) Home and Community Based Waiver to relocate persons with co-occurring mental health (MH) and physical health conditions from nursing home to community.
- New waiver will include LTS services and MH community services specific to the needs of the person with a MH diagnosis and a physical condition that is severe, persistent and may require periods of intense supervision and support to remain safely in the community.
- Statutory language change requires DHFS to implement the waiver within limits of available federal, state and county funds once federal approval is received.
- Provides 25 state-matched slots in FY 06 and an additional 75 state matched slots in FY 07 for a total of 100 slots. As with other home and community-based waivers, locally matched slots would also be available.

Relocations from State Centers

- Proposes continued relocation of individuals from state centers.
- Projects that 90 people would be relocated over the biennium.

Intoxicated Driver Program (IDP)

- Intoxicated Driver arrests and IDP surcharge fee collections are expected to increase in the 05-07 biennium.
- The budget allocates a portion of the increased revenue to provide an additional \$450,000 annually to county IDP Programs to cover costs incurred by counties.
- The new funding would be distributed using an incentive approach that will reward counties that use evidence-based interventions and maintain good outcomes for individuals that are served by these interventions.

Benefit Specialists

- Provides \$600,000 PR on a one time basis in FY 07 in general insurance fee revenues to continue the funding for Elderly Benefit Specialist positions that were created with one time federal grant funds to provide information on the new Medicare drug benefit.

Milwaukee County Mental Health Complex (MCMHC) Funding

- Nursing homes designated as Institutes for Mental Disease (IMD) are ineligible for MA for residents 22 through 64 years old
- In FY 04, DHFS MA State Plan amendment redefined the term “specialized services” and added a term of “specialized psychiatric rehabilitation services (SPRS).” The majority of MCMHC residents are in need of these less intensive services and, as a result, MCMHC no longer is designated as an IMD.
- Based on this re-designation, MCMHC can receive MA reimbursement for all residents.
- Increases total revenue to facility and results in GPR savings of \$782,100 in FY 06 & \$725,600 in FY 07. Also generate additional IGT revenue of over \$800,000 in the biennium.

State Independent Living Council

- Establishes the State Independent Living Council as a non-profit corporation effective July 2005

PATH Program Transfer to Department of Commerce

- Transfers the Project for Assistance in Transition from Homelessness (PATH) program from DHFS to Department of Commerce, to integrate more closely with other homeless programs already administered by Commerce.

Female Offender Re-Integration Program

- Enhanced community transition program for female offenders with children, focusing on developing a comprehensive pre-release plan that addresses all critical factors for success in community upon release.
- Will target women with children who have committed non-violent crimes and who will be released from prison and live in Milwaukee County.
- Funded primarily with federal funds from Access to Recovery grant and Substance Abuse Block Grant. \$190,200 GPR over biennium to fund assessment and treatment for women not eligible for funding under federal criteria.

Aging and Disability Resource Center (ADRCs) Expansion

- Provides DHFS statutory authority to create the already identified 9 new ADRCs serving 13 counties in the 2005-07 biennium using base funding
- Allows DHFS to create additional centers by seeking approval from the Joint Finance Committee under 14 day passive review

Use of CIP funding in CBRFs

- Allows counties to use CIP 1A and CIP 1B funds to support individuals with developmental disabilities in 5 to 8 bed CBRFs without seeking a special variance from DHFS
- DHFS will continue to review individual care plans to ensure the CBRF is the most integrated setting for the individual

Comprehensive Community Services Program

- Allows \$1,186,900 GPR currently budgeted to fund county community support programs to be used also to support county comprehensive community services programs for people with mental illness.

Grants for County Substance Abuse Programs

- Provides \$755,000 PR in FY 07 through the Office of Justice Assistance for grants to counties for programs that provide alternatives to prosecution and incarceration for non violent drug offenders. The program is funded through an increase in the Drug Abuse Program Improvement Surcharge and a new surcharge on property crime convictions.

AODA Counselor Certification

- Transfers responsibility for AODA Counselor Certification from DHFS to the Department of Regulation and Licensing.
- The Governor's veto message removed the effective date of January 2006, indicating that the transfer will occur in 2006, but does not specify a month.

ICF's-MR in Jefferson County

- Requires DHFS to develop a Memorandum of Understanding with Jefferson County regarding the state's responsibility for people in ICF's-MR in Jefferson County

Income Maintenance (DHCF)**Funding for IM Contracts**

- Provides \$3.7 million biennially in one time supplemental funding for CY 06 IM contracts. Using this funding, along with \$400,000 of additional one-time funding, the Department will be able to maintain CY 06 IM contract allocations at CY 05 levels.

MA Eligibility Quality Assurance (QA)

- Modeled after the Food Share QA process
- Implements state QA reviews to monitor error trends and determine causes of errors
- Implements local second party reviews
- Provides technical assistance and training to implement corrective actions
- Increases data resources to verify eligibility
- Policy change allows eligibility workers to request verification of eligibility
- A statutory language change provides DHFS authority to require third parties such as employers and banks to provide information necessary to determine eligibility and benefits for IM programs.
- Implementation of these QA initiatives will result in net savings of \$23.5M AF (\$9.5M GPR) in the biennium

IM Contract increase for Counties and Tribes

- Provides an increase of \$630,000 in CY 06 and \$630,000 in CY07 to implement local second party reviews beginning January 2006.
- Provides an increase of \$87,500 in CY 05 and \$175,000 in CY 06 & 07 to implement revised MA verification policy beginning in July 2005.

- Total increase to IM Contract is \$87,500 in CY05, and \$805,000 in CY06 & 07

IM Cemetery, Funeral and Burial Aids Program

- Requires counties to report data beginning in January 2006 on 1) the total cemetery costs for each deceased individual for whom the county seeks reimbursement, 2) the total funeral and burial costs for each individual, and 3) the total amount the county paid for each of these costs
- The Governor proposed statutory language stating that DHFS will reimburse counties/tribes for costs to the extent that funds are available for this purpose, but the Legislature did not approve this statutory change.
- Retains current law, so cemetery, funeral and burial aids funding remains a part of the IM appropriation.

Changing the Medicaid Grace Month Policy

- Revises Medicaid and BadgerCare “grace month” policy so eligibility is terminated at the end of the 12 month benefit period, consistent with federal regulations.
- Cost savings of \$6.9M AF (\$2.8M GPR) over biennium.

Recovery of Incorrect Badger Care and Medicaid Payments

- Increase of \$70,000 PR in SFY 07 to reflect the increase in revenues from allowing DHFS to recover overpayments that result from a failure to report changes in non-financial criteria outside of the application and review period (changes in residency, household composition or insurance coverage for BadgerCare).
- Statutory language changes allow DHFS to expedite the process of acquiring court orders so that recoveries can be made through the use of tax intercept.

Medical Assistance (DHCF)

MA Base Re-estimate

- Increase of \$561.3M GPR/SEG over biennium (\$236.2M in FY06, \$325.0M in FY07)
- Re-estimate adjusts MA base expenditures to account for
 - ✓ Caseload increases (FY05 +7.3%, FY06 +5.5%, FY07 +2.7%),
 - ✓ Increases in service intensity (increases in drug costs, including HMO capitation rate increases, comprise large portion of increases)
 - ✓ Federal match rate reduction
 - ✓ Cost to continue
- The Governor vetoed transfers of \$60.2 million from the General Fund to the MA program, to enable the funds to meet funding needs for K-12 school aids. DHFS will pursue revenue maximization and cost containment initiatives in the MA program to replace the funds. In addition, there are reasons to expect MA costs will be lower than projected due to improving economic conditions.
- This item will not result in any reductions to MA eligibility or benefit coverage.

BadgerCare Re-estimate

- Decrease of \$23.7M all funds over biennium
- Decrease due to decline in enrollment in FY05 (caseload in FY 04 = 113,000, to FY05 = 94,700)
- Expected to resume growth after FY05 (FY06 = 92,400, FY07 = 95,700)

Senior Care Re-estimate

- Increase of \$36.2M GPR/\$81M All Funds for the biennium

Transportation Broker

Governor's Proposal

- Proposed implementing a transportation broker for MA funded non-emergency transportation by common carrier and Specialized Motor Vehicles.
- The Governor's budget assumed \$6.6 million AF (\$3,083,900 GPR) in savings for the biennium as a result of implementing the broker.
- Brokers provide a single point of contact for recipients, centralizing vehicle dispatch, record keeping, vehicle maintenance and other functions.
- Some brokerage systems also enroll and reimburse providers, oversee quality assurance, and coordinate with state transit agencies and other human service agencies.
- Currently counties authorize common carrier transportation for MA recipients, may arrange for the transportation, pay the transportation carrier, and then get reimbursed through CARS. The Governor's proposal could relieve counties of these responsibilities.

Legislature:

- Rejected the proposed statutory changes to implement the broker but reduced funding for these services by \$7.1 million AF

Governor's Veto

- In his veto message, the Governor directed DHFS to implement the broker to the extent possible under current statutory authority.

Expansion of SSI Managed Care

- Phase-in Milwaukee and Dane in April - June 2005
- Implement Marshfield Clinic modified case management program in 28 county area
- Further expansion in FY 06 to La Crosse County, Southeast WI and Fox Cities (Counties included in SE and Fox Cities are not identified yet.)

MA Services for Children in Residential Care Centers (RCC)

- Provides federal reimbursement for Health Check-Other Services provided by an RCC.
- Initiative to claim MA funds for treatment services not currently reimbursed by MA and provided by RCCs beginning in FY 05
- Estimates \$59.5M new federal revenue in biennium
- Counties and RCCs held harmless for additional administrative costs for claiming new MA revenue.
- \$7.6M in FY 06 and \$5.1M in FY 07 allocated to counties and BMCW for rate increases to RCCs to cover administrative costs
- Remainder of new revenue, \$23.4M per year in FY 06 and FY 07, used to fund MA base benefits.

Wisconsin Medicaid Cost Reporting (WIMCR)

- Continues WIMCR on an ongoing basis after CY 05 (sunset date is removed).
- Includes an increase of 13.2% or \$2,250,000 GPR in FY 06 and maintains this level in FY 07 to hold counties harmless for revenues previously received under the Community Services Deficit Reduction Benefit (CSDRB) (Increase from \$17 M/year to \$19,250,000 for CSDRB hold harmless payments for counties).
- Does not continue Community Based Medicaid Administrative Claiming (CBMAC) hold harmless payments after CY 05. Final CBMAC hold harmless will be in early 2006.
- Generates \$20M of revenue in the biennium used to fund MA base benefits.

BadgerCare Prenatal Care for Non-qualified Immigrant Women and Incarcerated Women

- Expands prenatal care to women who are not eligible for full MA services, but whose children, if born, would be eligible for BadgerCare.
- Includes low-income, pregnant, non-qualifying immigrants and incarcerated women who currently only qualify for emergency MA services.

Managed Care for Low Income Families

- Increases managed care enrollment for low income families in Medicaid and BadgerCare by 5%
- Works with individual managed care organizations to expand the number of MA and BadgerCare recipients they can serve.
- Projected MA savings of \$7M (AF) (\$2.8M GPR) over the biennium

Management of Care and Nursing Services

- The Governor decreased MA funding for MA personal care, private duty nursing, and home health care by \$10 million AF (\$3 million GPR) over the biennium due to the implementation of efficiency measures.
- The Legislature decreased funding by an additional \$6.8 million AF over the biennium (\$4.2 million GPR) to achieve unspecified savings in these services
- In his veto message, the Governor directed DHFS to manage the additional \$6.8 million AF reduction made by the Legislature across the entire MA program, rather than solely in personal care, private duty nursing and home health care services

Third Party Liability (TPL) Identification and Recovery

- Currently DHFS identifies TPL by matching MA eligibility file against 80 major insurance carriers in WI.
- DHFS will contract with a vendor to do additional TPL identification and recovery activities for new forms of insurance coverage not in the state system.
- Provides \$7.1M (AF) savings over the biennium

Health Care Transitions for Adults with Special Needs

- Specified health care providers in Milwaukee will provide case management services to high-cost Medicaid recipients who are beginning the transition from child-centered care to adult health services.
- Reduces Medicaid funding by \$56,400 GPR and \$77,300 FED in FY 06, and \$113,900 GPR and \$153,500 FED in FY 07 to reflect savings achieved.

Medicaid, BadgerCare and SeniorCare Pharmacy Reimbursement

- Reduces pharmacy reimbursement for brand name drugs from the average wholesale price (AWP) minus 13% to AWP minus 16.0%.
- Reduces the dispensing fee from \$4.38 to \$3.88 per prescription.
- Provides savings of \$16,931,151 AF (\$7,187,700 GPR) for the biennium

Rural Health Clinic Expansion

- Provides \$400,000 GPR in FY 07 for a Rural Health Clinic in Chippewa Falls to provide dental services for persons with developmental disabilities

Public Health

Expand Dental Service for low-income children

- Creates a permanent grant program for 2 tech colleges to operate their dental clinics year round to provide dental care to low income and uninsured children, and to train students to be dental hygienists and dental assistants
- Expands Seal-a-Smile to double the current grant program to provide dental sealants to an additional 1200 children

Parental Access to Immunization Registry

- Provides parents access to their child's immunization record on the Wisconsin Immunization Registry (WIR)

Transfer Sanitarian Registration

- Transfers registration of sanitarians from DHFS to the Department of Regulation and Licensing (DRL).

OSHA Transfer to UW Laboratory of Hygiene

- Transfers 9.5 FTE in the Occupational Health Consultation program from DHFS to University of WI State Laboratory of Hygiene

ITEMS NOT INCLUDED IN THE FINAL BUDGET

MA Coverage for Youth Leaving Out-of-Home Care (OHC)

- The Governor proposed a phased-in expansion of MA eligibility for youth leaving OHC. Starting Jan 1, 2007, MA coverage expands to all eligible youth age 18 or 19. Expands to include 20 year olds in CY08.
- This item was not approved by the Legislature.

Quality Counts Initiative and Child Care Consolidation

- The Governor proposed the Quality Counts child care rating system and the transfer of child care facility licensing responsibilities from DHFS to DWD.
- The Legislature rejected the Quality Counts initiative and retained child day care licensing functions in DHFS.

Mental Health and Substance Abuse Services for Child Welfare Families

- The Governor proposed establishing pilots in 2 small/medium counties for Mental Health/Substance Abuse screening, assessment and treatment strategies for families who are entering the child welfare system.
- To fund this initiative, creates a Child Abuse Prevention and Child Mental Health Surcharge, that generates revenue based on a \$20 surcharge for each misdemeanor offense or count, and for each felony offense or count.
- The Legislature did not approve this item

DD Waiver Funds for New Construction Home Modifications

- To conform to federal requirements, the Governor proposed a statutory change to allow waiver funds under CIP 1A, CIP 1B, Brain Injury and Children's Long Term Support waivers to pay for new construction if done as part of an approved home modification.
- The Legislature deleted this item.

Medicaid HMO Provider Assessment and Rate Increase

- The Governor proposed establishing a 6% provider assessment on the gross revenues of HMOs that are licensed and serve Medicaid recipients and using a portion of the revenues to fund HMO rate increases.
- The Legislature did not approve this proposal

Nursing Home Bed Assessment and Rate Increase

Governor's Proposal:

- Increase the bed assessment for nursing facilities by \$50/month, from \$75/month per licensed bed to \$125/month.
- Increase the bed assessment for ICFs-MR from \$445/month per licensed bed to \$523/month in FY 06 and \$587/month in FY 07.
- Use the increased revenue to fund a 1.4% rate increase in each year of the biennium and generate GPR savings in the MA base benefit budget of \$7,401,000 in FY 06 and \$7,622,600 in FY 07.
- Department will begin implementing an acuity-based rate increase methodology in second year of biennium.

Legislature:

- Rejected the proposed increase in the bed assessment and funded a 1.4% rate increase in each year of the biennium funded with GPR.

Governor's Veto:

- The Governor vetoed the GPR-funded rate increase and instead indicated he is willing to consider separate legislation increasing the bed assessment by \$50. This would result in rate increases larger than 1.4%.

Family Foundations

- The Governor proposed a Home visiting program, beginning January 2007, composed of the Universal Program, providing one-time home visits to 40% of first-birth families in the state in the first year, and the Targeted Program, providing ongoing support to 45% of Medicaid first births in the first year.
- The Legislature did not approve this item

Health Care Information

Governor's Proposal:

- Eliminates Board on Health Care Information effective October 1, 2005.
- Replaces it with the Health Care Quality and Patient Safety Board (HCQPSB) in DOA, which is charged with developing a plan for developing an improved health care data technology repository and is authorized to make grants or loans to entities for this purpose.
- 2.2 FTE are transferred from DHFS to DOA to staff the Board.
- \$250,000/year of DHFS physician assessment revenue is transferred to a new Health Care Quality Improvement (HCQI) Fund, which funds among other things, the new Board.
- \$10 M of funding is transferred from the Patients Compensation Fund to the HCQI Fund to be used for health care information and technology improvements.

Legislature:

- Rejected proposal to eliminate the Board of Health Care Information and create the Health Care Quality and Patient Safety Board and the Health Care Quality Improvement Fund.

- Required DHFS to implement program improvements in the physicians office visit data (POVD) program recommended in a recent Legislative Audit Bureau audit and to report to the Joint Legislative Audit Committee and Joint Finance Committee.
- Required DHFS to study and make recommendations to the Joint Finance Committee concerning the feasibility of creating a centralized physician information database through a public/private partnership.

Governor's Veto:

- Vetoed the required reports to legislative committees as unnecessary
- Vetoed required program improvements to POVD, because DHFS is aware of the problems to be corrected and is committed to making them.